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United Nations common system

System of performance awards or bonuses

Report of the Secretary-General

Introduction

1. The General Assembly, in its resolution 51/216 of 18 December 1996, requested the Secretary-General of the United Nations to make operational proposals to the General Assembly by 1 October 1997, for its consideration at its fifty-second session, on the possibility of introducing a system of performance awards or bonuses, in the context of the performance appraisal system, to a limited number of staff in recognition of their outstanding performance and specific achievements in a given year.

2. The General Assembly also invited the executive heads of the organizations of the common system to develop and submit proposals, to their relevant intergovernmental bodies, as a matter of priority, on the possibility of introducing performance awards or bonuses to a limited number of staff in recognition of their outstanding performance and specific achievements in a given year, and to coordinate, to the extent possible, those proposals with those developed by the Secretary-General.

3. The International Civil Service Commission (ICSC) was also requested by the Assembly to provide general comments on the concept of performance awards and bonuses to the General Assembly at its fifty-second session.

4. The Secretary-General has considered the request of the General Assembly in the context of his overall efforts to introduce in the Secretariat a performance-based, results-oriented organizational culture. The introduction of performance management is a key part of the Secretary-General's human resource management strategy, which has been endorsed by the General Assembly. The new performance appraisal system (PAS) is an important tool in that process. It is aimed at enhancing responsibility and accountability at all levels, increasing staff participation in the planning, delivery and evaluation of work, and strengthening shared common values and standards across the Organization. Its overall objective is to improve both individual and organizational performance. Accordingly, mechanisms to recognize superior performance — and, its corollary, the management of underperformance — cannot be considered in isolation from these overall efforts to improve performance at all levels.

5. Furthermore, the Secretary-General would emphasize that reward and recognition programmes should not be considered a substitute for improvements in the overall remuneration package and conditions of employment for all staff. As the International Civil Service Commission has recognized, it is the sum of all these elements which ultimately affect the Organization's capacity to attract, retain and motivate staff of the highest quality. Accordingly, the development of proposals for a system of performance awards or bonuses should not detract from ongoing efforts to ensure an adequate and competitive compensation system.

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General principles

6. In examining the issue, the Secretary-General has been guided by the ongoing work of ICSC on the subject, including at its recent forty-sixth session.[1] The Secretary-General subscribes to the basic assumptions underscored by the Commission:

(a) Performance management is a process designed to optimize performance at all levels — at the individual, team and organizational levels;

(b) A viable performance management programme must be integrated with a strategy for the management of the Organization's human resources and, in turn, aligned with the overall strategic direction of the Organization;

(c) Recognition of superior performance by whatever means (whether cash awards or non-cash awards) cannot be seen in isolation from the ongoing improvement of performance at all levels. The establishment of an environment in which achievement, learning, innovation and creativity are encouraged and nurtured is crucial;

(d) The performance appraisal system should be the primary vehicle for determining recipients of awards in order to ensure objectivity and transparency.

7. The Secretary-General also welcomes the Commission's conclusion that the diversity of the common system and the differences in the maturity and robustness of the organizations' performance management systems would suggest a flexible approach. He is in agreement that actual mechanisms should be tailored to specific organizational strategies and cultures and that consideration should be given to both recognizing and rewarding outstanding performance in the form of cash and non-cash awards for individuals and teams.

Performance appraisal in the United Nations

8. As indicated above, the introduction of performance management in the United Nations is central to the Secretary-General's overall human resources management strategy and is aimed at improving overall organizational performance. The introduction of performance management has been approached in an integrated way. An important element is the new performance appraisal system (PAS), which is based on the performance management principles recommended for the United Nations common system by ICSC. The first full year of implementation of the new system has recently been completed. Prior to its introduction, some 11,000 staff members globally were trained in the underlying principles and the procedures of the new system in 1995 and 1996, and complementary programmes were introduced to develop managerial and supervisory skills and promote attitudinal change. It was foreseen that transition to the new system would take time and that, during the initial period, adjustments would need to be made in the light of experience. Following the first full year of implementation of the PAS, a report was submitted to the General Assembly,[2] based on feedback received from management and staff associations Secretariat-wide.

9. As explained in that report, the PAS was introduced into a difficult organizational environment, characterized by financial constraints, restructuring and changes in leadership. While the value of the overall concepts and principles on which the system is based — namely agreed performance expectations, work planning and prioritization, increased communication between supervisors and staff, clearer delegation of authority and greater accountability for results — was widely recognized, significant obstacles were also encountered. These included the complexity of the forms, lack of understanding of the processes and misperceptions about the system. Despite the obstacles, the experience has served to focus attention on, and promote discussion of, the principles of performance management and of individual and managerial accountability. Valuable experience has been gained and work is currently under way to refine and improve the system, building on the sound principles on which the system is based.

Role of managers

10. No performance appraisal system can replace good performance management by managers. The PAS is a process of assessing or measuring the way in which assigned tasks are carried out. It cannot function properly unless the department/work unit defines its mission in performance-oriented terms and acts at all levels to reinforce that message. The Secretary-General in his strategy for human resources management recognizes that the PAS is only one element in a set of integrated measures (including organizational structure or design, human resources planning and staff development) that will serve to achieve the desired overall improved performance.

11. The Organization aims to develop a culture where managers take responsibility for making maximum use of their greatest resource — the staff — and view time spent managing staff as an essential investment in building and

sustaining the Organization's human resources capacity. Further training will be made available for supervisors and managers to strengthen skills required for successful performance management, including team-building, work planning, giving and receiving feedback and making objective appraisals.

12. Against this background, the Secretary-General would propose to adopt a step-by-step approach to the introduction of performance awards or bonuses. While it is clear that there should be consequences for different levels of performance, which are understood by both supervisors and staff, priority must be accorded in the first instance to fully implementing PAS throughout the Secretariat and further establishing its credibility as a performance management and staff development tool. The United Nations is conscious that the new PAS, which is currently being modified in the light of the experience of the first year of implementation, is not yet sufficiently established to support a monetary award system. Once the modified system is in place in early 1998, it is intended to develop, in consultation with staff, specific proposals with respect to incentives and awards, linked to the PAS. In the first instance, consideration will be given to the establishment of non-monetary recognition awards for individual or team excellence, as well as for effective management.

13. Examples of non-monetary awards which have been suggested by the International Civil Service Commission include certificates, formal commendations and letters of appreciation; provision of extra professional development opportunities; visits to the field for Headquarters staff or to Headquarters for field staff; sabbaticals, extra study leave, travel awards, etc. Managers could be given latitude to establish their own recognition schemes and best practices could be shared with a view to further motivating high performers and encouraging improved overall performance. As a second stage, consideration will be given to the possibility of introducing cash awards or bonuses.

Underperformance

14. The Secretary-General is also conscious of the need to address underperformance in an effective way. There needs to be a more proactive approach by managers, who should be required to document underperformance and work with the staff member to develop a performance improvement plan which could include training, coaching, counselling and developmental assignments. Continued underperformance should result in appropriate sanctions.

Conclusions

15. In responding to the General Assembly's request, it must be emphasized that while the recognition of individual meritorious performance and special achievements is essential, the pursuit and recognition of overall enhanced performance, including managerial performance, efficiency, and the motivation of staff as a whole, should continue to take precedence.

16. Optimizing organizational and individual performance at all levels requires the establishment of an effective performance management system. This should be seen as a long-term endeavour requiring organizational culture change and new ways of thinking on the part of both staff and managers. A significant step in this direction has been taken with the introduction of a new performance appraisal system (PAS), which ultimately must provide the basis for any system of recognition and rewards. However, the new performance appraisal system is still in its initial stage and is not yet in a position to support a system of monetary awards.

17. It is proposed, therefore, to adopt a step-by-step approach, in full consultation with the staff. While working to firmly institutionalize the performance appraisal system it is suggested that the Organization begin introducing a range of non-monetary awards, for both individuals and teams, in line with those suggested by the International Civil Service Commission. Performance recognition can be in the form of performance awards, in which a staff member may be recognized for consistent superior performance over a given period of time, or in the form of merit awards which are granted in recognition of a singular outstanding achievement. It is also recognized that, in addition to rewarding good performance, steps must be taken to deal systematically and effectively with underperformance.

18. Finally, it is important that development of performance awards and bonuses not be considered as a substitute for fair and adequate compensation and salary levels which would ensure competitive conditions of service enabling the United Nations to attract and retain staff of the highest calibre.

Notes

[1] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), paras. 167-219.

[2] A/C.5/51/55.